



Credit Unions Act 1979

1979 CHAPTER 34

Operation of credit union

10 Power to borrow money

- (1) A credit union may borrow money from an authorised bank or temporarily from another credit union or an association of credit unions but the amount so borrowed and not repaid shall not at any time exceed in the aggregate one half of the total paid-up share capital.
- (2) A temporary loan obtained by a credit union from an authorised bank shall be disregarded for the purposes of the limit on borrowing imposed by subsection (1) above if the credit union has obtained the consent in writing of the chief registrar.
- (3) A person dealing with a credit union shall not be obliged to satisfy himself or to inquire whether the limit on borrowing by that credit union imposed by subsection (1) above has been or is being observed, but if a person who lends money to a credit union or takes security in connection with such a loan has, at the time when the loan is made or the security is given, actual notice of the fact that the limit has been or is thereby exceeded, the debt or security shall be unenforceable.
- (4) Subject to subsection (3) above, no transaction with a credit union shall be invalid or ineffectual solely by reason of the fact that the limit on borrowing by that credit union imposed by subsection (1) above has been or is thereby exceeded.
- (5) Where money borrowed by a credit union is not repaid on written demand on the date on which repayment is due, the credit union shall not make any loans or permit the withdrawal of any shares until the repayment is made.
- (6) If a credit union borrows in excess of the limit imposed by subsection (1) above or makes loans or permits withdrawals in contravention of subsection (5) above, it shall be guilty of an offence and liable on conviction on indictment or on summary conviction to a fine which on summary conviction shall not exceed the statutory maximum.